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FISCAL IMPACT STATEMENT

LS 6816
BILL NUMBER: SB 213

NOTE PREPARED: Dec 29, 2005
BILL AMENDED:

SUBJECT: School Bonds for Retirement Liability.

FIRST AUTHOR: Sen. Broden
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a school corporation that issued bonds to cover retirement or severance liability under a prior statute (which was repealed on December 31, 2004) may issue bonds one additional time for that purpose if the first bond issue was approved by the Department of Local Government Finance before April 14, 2003. (Current law permits a second bond issue only if the first bonds were actually issued before April 14, 2003.) The bill provides that the additional bonds must be issued before January 31, 2007.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: A school that had pension bonds approved by the Department of Local Government Finance before April 14, 2003, would be able to issue one additional bond based on existing unfunded contractual liability for retirement or severance payments as of June 30, 2001. The school must reduce the Transportation Fund, School Bus Replacement Fund, Capital Projects Fund, or Art Association and Historical Society Funds in an amount equal to the property tax levy needed to retire the pension or severance bonds. The pension bonds would be subject to the petition and remonstrance process. The bill would probably have minor impact on pension bonding of schools. To qualify, a school would have had to have the bonding

approved but not issued the bond by the April 14, 2003, deadline.

Background: About 231 pension bonds worth over \$1 B have been approved by the Department of Local Government Finance.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.